

Channing House Incorporated, Highgate  
(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

For the year ended  
31 August 2020



Company No: 00063121

Registered Charity No. 312766

# Channing House Incorporated, Highgate

## GOVERNORS, OFFICERS AND ADVISERS

To be presented at the Annual General Meeting of the company to be held at Channing School, The Bank, Highgate Hill, London N6 5HF on 18 March 2021.

### GOVERNORS

The Board of Governors may appoint any member of the Association as a Governor, either to fill a casual vacancy or by way of addition to the board. All Governors are required to confirm that they will support the Unitarian traditions of the School. Except as otherwise indicated the following were Governors during the year and to the date of signing this report:

Ms C Peck *	LLB (Bristol) (Chair)	
Mr JAG Alexander *	FCA	
Dr G Algar-Faria	PhD (Bristol)	(Retired 18 June 2020)
Mr A Appleyard *	BSc (Reading)	
Mrs J Burns *	BA (Southampton)	
Rev D Costley	BA (Open University)	
Mrs L Cristie	BA (Bristol)	
Mrs J Otterburn Hall	BA (Bristol)	(Appointed 1 September 2020)
Ms D Patman *	FRICS ACI Arb	
Mrs P Peck	MBA (Oxon)	(Appointed 1 September 2020)
Ms B Rentoul	MA (Yale)	
Mr WJH Spears	BA (SOAS), MBA	
Dr A Sutton	MB ChB	
Dr H Stringer	MA, DPHIL	
Ms A Thomas	Cert. Ed.	(Retired 18 June 2020)
Mr C Underhill	MNAEA	(Retired 18 June 2020)
Dr I Wassenaar	MA, DPhil	

\* Members of the Finance and General Purposes Committee

### MEMBERS OF ASSOCIATION

The Members of the Association, except as otherwise indicated, throughout the year were, in addition to the Governors listed above:

Mr G A Auger	FCCA	
Mr SD Barber	BSc (Econ) FCA	
Professor HG Beale	MA (Oxon)	
Mrs D Bond	BA (Cantab)	
Mr S M D Brown	BA (Dunelm)	
Ms CEA Budgett-Meakin	BA (Kent)	
Mr JM Burns	MA (Oxon)	
Baroness J Coussins	MA (Cantab)	
Baroness C Cox	MSc (Econ) PhD	
Dr J Dacre	BSc	
Miss JAM Davidson	BSc (London)	
Dr AP Hogg	MA (Oxon) PhD (London)	
Mrs S Moloney	SRN RHV	
Mrs C Richards	BSc Arch (London)	
Miss M Rudland	BSc	
Mrs VA Schilling	MCSP	
Mr M Steiner	MA (Oxon)	
Dr T Stone	MA (Cantab) PhD	
Miss EM Tucker	MA (Cantab)	
Dr AG White	MB ChB FRCP DPhys Med	(Died November 2019)
Dr DJ Williams	MB BCh	
Dr DL Wykes	BSc PhD	

# Channing House Incorporated, Highgate

## GOVERNORS, OFFICERS AND ADVISORS

### OFFICERS

The Headmistress                      Mrs L D J Hughes BA (Warwick) from 1 September 2020  
Mrs B M Elliott MA (Cantab) until 31 August 2020

The Bursar                                Mr R K J Hill OBE MA ACMA

Address                                    Channing School  
Highgate Hill  
London  
N6 5HF

BANKERS                                  Lloyds Bank plc  
Commercial Banking  
PO Box 1000  
BX1 1LT

SOLICITORS                                Dentons UKMEA LLP  
One Fleet Place  
London  
EC4M 7WS

AUDITORS                                  RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

REGISTERED OFFICE                      Channing School  
Highgate Hill  
Highgate  
London  
N6 5HF

# Channing House Incorporated, Highgate

## GOVERNORS' REPORT

### REFERENCE AND ADMINISTRATIVE INFORMATION

The School was incorporated in England and Wales on 27 July 1899 and is a company limited by guarantee, its members being members of the Association, having a liability not exceeding £5 each. The School was established under a Memorandum of Association which established the objects and powers of the charitable School and is governed under its Articles of Association. The company is a registered charity with charity number 312766 and company number 00063121. The Governors of the School, who are also the charity trustees and company directors, and the School's principal officers and advisers are listed on pages 1 and 2. Whenever Governors are referred to in this report this subsumes their roles as both charity trustees and company directors of Channing House Incorporated, Highgate within the meaning of Company Law.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmistress and the Bursar. Governors determine the remuneration of key management personnel through a Remuneration Committee. In setting the remuneration of key personnel this committee takes note of national pay scales, individual performance and internal and external benchmarking as necessary.

There have been no transactions with the related parties of the School, with the exception of the key management personnel remuneration as disclosed in Note 4.

### RECRUITMENT AND TRAINING OF GOVERNORS

Governors are appointed as vacancies arise. In making appointments Governors take into account Charity Commission guidance and the skills that are required by the School. Potential candidates who possess the requisite personal and specialist skills are identified, discussed by Governors and invited to become a Governor as appropriate.

New Governors are provided with information about the School and appropriate training and induction is arranged. On appointment, Governors are briefed on their responsibilities as Directors, Trustees and Governors. They are also encouraged to attend training courses on the roles of Governors run by The Association of Governing Bodies of Independent Schools (AGBIS). Governors are also given regular presentations by Heads of Department on specific curricular developments and they are invited and encouraged to link up with a Department and observe lessons and activities at first hand.

### STATEMENT OF PROVISION OF INFORMATION TO AUDITORS

The Governors in office on the date of this report have confirmed, as far as they are aware, that there is no relevant audit information of which the charitable company's auditor is unaware. Each of the Governors has confirmed that they have taken all the steps that they ought to have taken as Governors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

### PUBLIC BENEFIT

The Governors confirm that, to the best of their knowledge and belief, they have complied with the duty in the Charities (Accounts and Reports) Regulations 2008 in respect to having due regard to the public benefit guidance published by the Charity Commission.

The School provides public benefit in many ways. The School provides bursaries on entry to the School at Year 7 and Year 12. The School implemented, in 2010, a revised policy of the Governing Body designed to increase the availability of awards made on the basis of ability to pay. This has resulted in bursaries and concessions of £896,703 during the current year (2019: £1,003,634). The School also provides hardship support for families of current pupils whose circumstances change significantly such that their ability to pay is affected.

Additionally the School actively participates in the East London Consortium ISSP, an Independent/State School Partnership. Invitations are extended to local Schools to attend workshops, training events and presentations from visiting speakers. The School also makes available its facilities for use by the local community for sporting events and occasional conferences and meetings. The School is particularly supportive of girls' sport and provides its facilities for use both by Middlesex County and two local netball clubs and the School's playing fields are widely used by Hampstead Archery Club and the local community. The School generally makes its facilities available (to local community groups)

# Channing House Incorporated, Highgate

## GOVERNORS' REPORT

for these purposes for a minimal or no charge. The school has also begun to host more community events in the Arundel Centre and prior to the COVID-19 restrictions supported local music and also dance groups.

### OBJECTIVES AND ACTIVITIES

The School's principal purpose is to carry on a day School for girls. Details of the School's strategic objectives to achieve this are provided in the Strategic Report that follows.

### STRATEGIC REPORT:

#### REVIEW OF ACHIEVEMENTS AND PERFORMANCE

The School has a vision that all girls at the School will enjoy success.

The School's overall mission is to ensure that its pupils develop scholarship, integrity, altruism and independence.

During the year the School has continued to work towards achieving its published strategic objectives which support the School's mission. The objectives were reviewed at the start of this financial year and cover the period 2015-2020. These objectives are as follows:

**1. To provide an exceptional and relevant education, free from undue pressure, that challenges all pupils to learn and achieve their full potential.**

The School continues to deliver outstanding academic results. In Summer 2020, 95.2% (2019:91%) of pupils gained A\*-B grades at A level and the percentage of all GCSE results graded 9/8/7 was 89.1% (2019:86%) of which 67% (2019: 65%) gained 9/8 at GCSE. The School is very proud that these results have been achieved and continue to improve whilst at the same time identifying ways to reduce the pressure on students. The School also continued to offer its Adelante (Spanish for all) strategy across the School aiming to offer all pupils the opportunity to learn Spanish at School. Spanish is now the first language taught on entry to both the Junior and Senior Schools. The School also continues to develop a personalised approach to learning with an increased focus on pupil tracking alongside extensive use of mobile technology.

**2. To promote personal development.**

The School has continued to identify means to improve its enviable reputation for pastoral care, which places pupils at the heart of the school. The School is continuing to extend opportunities for pupil leadership at both the Senior and Junior Schools. The School has also made significant improvements in both its SEND and Careers provision across the school and has also recently introduced the Ellery Programme which supports the academic enrichment of pupils in Key Stage 3. The School also recognise the importance of supporting the mental health of the School community and has committed to a programme of Mental Health First Aid Training for key staff.

**3. To embrace modern technology and use it as a means to enhance pupils' independence as learners and prepare for the future.**

The School continues to invest in new technology, recognising the opportunities it provides to enhance independence as well as collaboration amongst students. The renewed focus on ensuring that pupils recognise how technology can help benefit and advance their learning was key whilst the school premises were closed to pupils of non key workers. During this period pupils received their education at home using remote and virtual technologies. The School is also aware of the risks that technology can present to young people and is working to address these through educating pupils and by supporting parents including offering technology information events. The School also puts in place the necessary policies and safeguards around the use of technology in school.

**4. To provide a secure, safe and healthy environment.**

The School continues to put pupil safeguarding at the heart of the School's operation ensuring that staff and pupils are aware of the strategies and procedures in place to minimise the risk to pupils. The School is also continuing to develop well-being strategies for both pupils and staff.

# Channing House Incorporated, Highgate

## GOVERNORS' REPORT

### **5. To manage the School's resources effectively, ensuring that the School is able to continue to invest in improving its provision for current and future pupils.**

As a result of exercising sound control over the School's finances, the School has been able to continue to invest in improved facilities in the Junior school. This development has continued throughout 2020 and when completed will bring significant benefits to the Junior School. The school has also invested significantly in the leadership capacity of the Junior School.

### **6. To develop further opportunities for Physical Education, Sport and the Performing Arts.**

The School continues to make extensive use of its new facilities which continue to significantly enhance the school's curricular and extra curricular provision. The School is also keen to identify opportunities for community use where this is possible.

### **7. To raise the profile of the School as a centre of excellence.**

The School continues to identify opportunities to promote the School's vision of 'girls enjoying success'. The School has had to identify new and innovative ways to achieve this whilst the school premises were closed and whilst visitors to the School site are restricted.

### **Review of other achievements**

The School continues to support a very large number of charitable and cultural activities and in particular makes a significant contribution to the community through many local activities including musical and sporting events as well as participating in local sporting and community events. The Young Enterprise scheme and the Duke of Edinburgh Awards programme continue to enjoy significant popularity and The Forest School learning programme has been further developed in the Junior School. The School is also increasing its involvement in the local community with pupils across the school undertaking a wide variety of activities. The School raised £14,570 (2019: £16,246) during the year in total for its chosen charities of Whittington Hospital, War Child and Woodlands School among others.

The school, despite COVID-19, has maintained its performance against Key Financial Performance Indicators set at the start of the year. A more detailed explanation as to how this has been achieved is provided below.

### **FINANCIAL REVIEW**

The Statement of Financial Activities on page 13 shows net income of £3,360,500 (2019: £2,884,500).

Overall the result is very similar to last year when the "one-off" Junior School development feasibility and planning costs incurred last year are taken into account. However, whilst the year end financial position of the School is considered satisfactory and is consistent with the School's planned target, this has been achieved by the school taking swift and decisive action in response to COVID-19 and the lockdown. The Summer Term was significantly impacted in that the School's activities had to switch to a virtual platform providing remote learning as well as staying open for pupils of key workers and to selected year groups from May 2020 onwards in line with Government Guidelines.

In addition, the School applied a 15% discount to its Summer Term tuition fee and waived lunch charges. This resulted in the School having to absorb a 20% drop in Summer Term income. In response to this, the School implemented an immediate cost reduction plan cancelling or deferring all discretionary and avoidable expenditure. In addition the School sought available Government support in the form of the Coronavirus Job Retention Scheme. In the year, the School claimed £369,700 under this scheme largely in respect of non teaching staff. This support together with that of the staff and overwhelming majority of parents enabled the School to not only maintain online remote learning services for all of its pupils but also to make the necessary investments to enable the School to open to all year groups in September and to continue the Junior School redevelopment. This redevelopment is nearing completion and adequate borrowing facilities are in place to ensure that it completes as planned by the end of 2020.

During the year capital expenditure of £5,685,200 (2019: £4,193,800) has been incurred which was entirely in respect of the Junior School redevelopment. The School has also continued to invest in its IT infrastructure, hardware and software. This investment together with that necessary to enable the School to open to all pupils in September has been funded from the School's available cash resources generated from net income arising in the year.

The Balance Sheet on page 14 shows net current liabilities of £393,500 (2019: net current assets of £419,800). The decrease in the School's net current asset position is attributable to the investment in the Junior School redevelopment included in Tangible assets.

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## GOVERNORS' REPORT

### DONATIONS

Income for the year includes £111,000 (2019: £34,500) of restricted Donations, all of which were attributable to the new Sport, Sixth Form, Music and Performing Arts facilities, and the Junior School redevelopment.

During the year the School has not undertaken any significant fundraising activities. No third party fundraisers have been engaged and no complaints have been received.

### FUTURE PLANS

The Governors have agreed a revised set of strategic objectives which all build on the overall aim, that Channing pupils should enjoy success. The School's major programme of redevelopment at the Junior School which includes a new Sports Pavillion, a new School Hall and also new and refurbished classrooms is due to complete by December 2020. Further, less extensive plans are also being developed to redevelop further parts of the Junior School, deferred from 2020, to further enhance the landscaping and other parts of the Junior School.

Last year, Governors announced that Mrs Lindsey Hughes would succeed Mrs Barbara Elliott as Headmistress of Channing with effect from 1 September 2020. Governors are pleased to announce that Mrs Hughes has not only achieved a seamless transition in leadership but also in welcoming pupils back to school with the added constraints of the current environment. Governors would also like to take this opportunity to thank Mrs Elliott for her significant contribution to the success of the School over the last 15 years.

### FUNDS HELD

Notes 10 and 11 to the financial statements sets out an analysis of the School's restricted and unrestricted funds of £440,000 (2019: £445,200) and £18,805,700 (2019: £15,440,000) respectively and their attributable assets and liabilities. These net assets are sufficient to meet the obligations on a fund by fund basis. The School's tangible assets are all held for use in the School.

It is the School's long term policy to build and maintain the School's free reserves, though the Governors recognise that achieving any material increase in free reserves will not be possible whilst the School has bank loans to repay and continues to develop its buildings and facilities for the benefit of current and future generations of pupils. With this in mind, rather than set a specific target for free reserves, when considering the School's available reserves, Governors take into account the long term bank facilities/loans in place but undrawn at the year end and creditors falling due in more than one year. Creditors falling due in more than one year comprise the funds held in respect of final term deposits and advance fees, and long term bank loans drawn down.

Taking account of the above definition of the School's free reserves, the free reserves at the year end comprise the sum of the School's confirmed bank loan facilities undrawn plus net current assets or less net current liabilities. On this basis at the year end the School's free reserves were around £2,100,000 (2019: £1,400,000).

Governors have invested substantial sums into the School over recent years and have a continuing programme of refurbishment, development and investment in order to maintain and enhance the facilities for pupils. Whilst this programme is continuing and the long term bank loans are being repaid, the School is unlikely to be in a position to build up free reserves.

The Governors consider that, given the strength of the School's balance sheet, forecast net income for the year to 31 August 2021 and the market value of the School's property, which is not currently reflected in the reserves, the School's level of reserves at the year end are satisfactory given that the School has an ongoing development programme. Additionally Governors ensure robust budgeting, cash flow monitoring and risk profiling are exercised to ensure the School can meet its ongoing educational needs and continue to invest in its estate and facilities. The Governors are satisfied that the School has sufficient available cash and borrowing facilities to meet its strategic objectives.

### Restricted Funds

#### Scholarship, Prize and Bursary Funds

This represents bequests and donations received by the School, which are subject to the specific wishes of the donor. These funds are matched by investments. Movement in the fund during the year comprised donations, investment income and interest. The investment income and interest is used to fund Scholarships and Bursaries for pupils attending the School.

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## GOVERNORS' REPORT

### **School Development Fund**

Incorporated within the School Development Fund is "The Capital Challenge" fundraising programme. This programme was launched in 2013 to raise funds to build a new Sports Hall and Sixth Form Centre and a New Performing Arts Facility. The School is no longer actively promoting fundraising for The Capital Challenge, though donations continue to be received and credited to this fund. In addition, funds raised towards the Junior School redevelopment are also credited to this fund.

Funds credited to this fund are transferred to Unrestricted Funds when the restriction placed on the income received has been discharged.

The restriction placed on the funds received in respect of both The Capital Challenge fundraising programme and in respect of the Junior School redevelopment have been discharged as the expenditure has been incurred and capitalised within fixed assets. The funds received in respect of both The Capital Challenge and Junior School redevelopment have therefore been transferred to Unrestricted Funds.

### **Channing Alumnae**

The Channing Alumnae Fund is a restricted fund of the School held for the purpose of promoting school alumnae. The fund is used to promote communication between the School and alumnae and also amongst alumnae. A number of reunion events are also held throughout the year. The Channing Alumnae fund is managed by the Alumnae Committee, and an appropriate balance maintained.

### **Channing Association**

The Channing Association is a restricted fund of the School for the purpose of fostering support for the School from the wider Channing community including current and former parents and friends of the School. The Channing Association organises social events for both parents and pupils and also helps support a number of school events during the year. The Association also undertakes occasional fundraising for the School, but this is incidental to its core purpose. The Channing Association has its own committee structure, which determines both its activities and expenditure for the year. The Channing Association fund is managed by the Channing Association committee and an appropriate balance maintained.

### **Unrestricted Funds**

The Governors intend to maintain undesignated unrestricted funds at a level appropriate to meet the School's ongoing working capital requirements.

The School's funds continue to be reviewed annually by the Governors in the context of the School's needs and obligations and future plans.

## **INVESTMENTS**

The Governors have agreed that investments are held to create income to help fund the Scholarships and Bursaries awarded. Investments are held in a mixture of listed investments and cash deposits and are managed and benchmarked appropriately so as to maintain their contribution whilst preserving the real value of the investments. Governors have taken account of the ethical considerations of the investments held and adopted a low risk approach, such that the vast majority of the School's listed investments are held in recognised charity funds. During the year additional cash deposit investments totalling £4,400 were received in respect of restricted funds (2019: £1,800). The market value of the School's investments have decreased by £9,600 (2019: increased by £4,800).

## **RISK MANAGEMENT**

The School maintains a comprehensive risk register which is regularly reviewed and is presented to the Governors at every meeting. The Governors routinely consider both the major risks and other possible risks facing the School and the probability of the risks arising. They are assisted in this regard by the Headmistress, Bursar and other members of the School's Senior Leadership Team. The Governors have also considered the Risks associated with COVID 19 at all meetings since March 2020. General controls used by the Governors to identify and assess risks during the year include:

- Formal agenda items for Governors' Committee meetings
- Regular review of the School's Risk Register which is reviewed termly by the Governing Body



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## GOVERNORS' REPORT

- Sub Committees to oversee key areas of School activity including education, strategy, estates and finance. Ad hoc Committees are also established from time to time to review specific aspects of School activity including such areas as marketing and the appointments of new governors
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal authorisation and approval levels for financial transactions and approval of contracts
- Regular Health and Safety and Safeguarding reviews and inspections
- Maintaining appropriate insurance
- Regular Inspection by the Independent Schools' Inspectorate

Through the above risk management processes the Governors are satisfied that major risks are identified and as far as practicable adequately mitigated. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

The main risks that the Governors have identified and the plans to manage those risks are:

- A risk to the reputation of the School brand such that there is a material impact on current and future pupil numbers and the ability of the School to attract high quality staff. In order to manage this risk, the School ensures that its policies for recruitment, safeguarding and Health and Safety put pupil safety and wellbeing at the heart of the School. A comprehensive training programme for staff, ongoing monitoring and management of policies and a culture of openness and trust between pupils and staff are also intended to safeguard against this risk.
- A risk that the School ceases to be financially viable as a result of deteriorating finances. Financial stability is a key priority for the School, in particular to generate sufficient cash flow to provide adequate resources to ensure a safe and secure educational environment, to meet loan obligations and to continue investing in the School's facilities and estate. This risk is managed by ensuring sound long term planning with clear and challenging financial targets which not only consider the operation of the School, but also the wider context in which the School operates. Governors with significant financial and business experience provide oversight of the School's finances alongside the Finance Committee which reviews the detailed finances of the School at least termly drawing on external advice as required. The School continues to be vigilant in assessing the impact of Coronavirus on the School's finances. This has included modelling various scenarios as part of the School's financial planning. In particular measures that the School keeps under consideration in order to mitigate this risk include changes to the School's provision and the associated cost implications, cost savings, reductions in staffing and deferring or cancelling planned programmes of both revenue and capital investment.
- Political risk. The independent education sector does not currently enjoy strong political support from any political party, despite the efforts of the Independent School's Council (ISC) and member schools to demonstrate the financial benefits to the economy Independent Schools provide. These benefits include reducing the overall costs of educational provision to the exchequer, local employment of staff and the generation of overseas earnings. The sector also provides significant amounts of Public Benefit in the form of bursaries and also where independent schools work alongside maintained schools such as the East London Partnership of which the School is an active participant. Prior to the recent election in December 2019 a number of politicians proposed measures which would impose additional costs or taxes on the sector in order to raise money for the exchequer, these have included a fees levy and possible loss of Charitable Business Rate Relief. Whilst it is considered that the political risk may have been partially offset as a result of the recent election and changes to the leadership of the main opposition party, it is considered that the risk remains albeit some aspects may remain dormant for a period of time. In order to mitigate this risk and identify the potential financial impact such measures would have, the School continues to undertake its own

# Channing House Incorporated, Highgate

## GOVERNORS' REPORT

internal risk modelling. The School recognises that there are some limited measures it can undertake to reduce its cost base, or increase its income to mitigate against the risk of increased taxation. The scope for such measures would not, however, offset the impact of some of the measures currently being proposed if the School felt unable to pass on the costs to fee payers due to the potential impact on pupil numbers. In these scenarios the financial viability of the School and its ability to meet current legal and financial commitments would need careful consideration. In order to mitigate against current lack of political support, the School will continue to work with the ISC to articulate clearly the Public Benefit the School provides and to identify further opportunities to demonstrate this to politicians and the public both locally and nationally

- Information Technology. A risk that with an increasing reliance on Information Technology in all aspects of the school that insufficient investment in system integrity, system security and resilience jeopardises the School's ability to effectively educate pupils. The School manages this risk by continuing to update and invest in the School's information systems to ensure they meet the School's needs.
- Coronavirus COVID 19 is currently considered a Strategic risk to the School given the potential impact on the School's reputation if the school does not put in place sufficient measures to ensure the safety of the School community and the continuity of quality education for all pupils in different scenarios including learning in School and in virtual classrooms. The School manages this risk by investing in the necessary training and providing additional resources to ensure the safety of the School community and the continuity of quality education in all foreseeable circumstances. In addition to the reputational risk arising from a problem with COVID 19 there is a financial risk, i.e. the impact on pupil numbers and therefore the School's finances if parents' and potential parents' finances are adversely affected by COVID 19. The School manages this risk by prudent forecasting for the current and future years.

The Governors' Report and the Strategic Report incorporated within it were approved by the board of Governors (in their role as directors) and signed on its behalf by



C Peck  
Chair of Governors  
19 November 2020



R K J Hill  
Bursar and Company Secretary  
19 November 2020

# Channing House Incorporated, Highgate

## GOVERNORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Governors are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Channing House Incorporated, Highgate

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

### **Opinion**

We have audited the financial statements of Channing House Incorporated, Highgate (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Governors are responsible for the other information. The other information comprises the information included in the Governors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report and the Strategic Report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report or the Strategic Report included within the Governors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Governors**

As explained more fully in the Statement of Governors' responsibilities set out on page 10, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

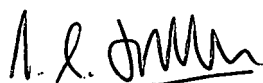
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Sladden (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

23 November 2020

# Channing House Incorporated, Highgate

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 August 2020

	Note	Unrestricted Funds £'000	Restricted Funds £'000	2020 £'000	Unrestricted Funds £'000	Restricted Funds £'000	2019 £'000
<b>INCOME FROM:</b>							
<b>Donations</b>		20.3	111.0	131.3	7.2	34.5	41.7
<b>Charitable Activities:</b>							
School Fees receivable	1	17,709.9	-	17,709.9	17,903.6	-	17,903.6
Other income	2	796.0	44.1	840.1	590.3	71.9	662.2
<b>Investments</b>							
Investment income		-	8.6	8.6	-	8.8	8.8
Bank interest		48.7	3.3	52.0	69.5	1.4	70.9
<b>Total Income</b>		18,574.9	167.0	18,741.9	18,570.6	116.6	18,687.2
<b>EXPENDITURE ON:</b>							
<b>Raising funds:</b>							
Fundraising and Development		13.7	-	13.7	14.3	-	14.3
Bank loan interest		204.6	-	204.6	213.8	-	213.8
		218.3	-	218.3	228.1	-	228.1
<b>Charitable activities:</b>							
School operating costs		15,101.9	51.6	15,153.5	15,511.9	67.5	15,579.4
<b>Total Expenditure</b>	3	15,320.2	51.6	15,371.8	15,740.0	67.5	15,807.5
(Loss)/Gain on revaluation of investments - unrealised	6	-	(9.6)	(9.6)	-	4.8	4.8
<b>Net Income before transfers</b>		3,254.7	105.8	3,360.5	2,830.6	53.9	2,884.5
Transfers between funds	10	111.0	(111.0)	-	47.3	(47.3)	-
<b>Net movement in funds</b>		3,365.7	(5.2)	3,360.5	2,877.9	6.6	2,884.5
Balances brought forward at 1 September		15,440.0	445.2	15,885.2	12,562.1	438.6	13,000.7
<b>Balances carried forward at 31 August</b>	11	18,805.7	440.0	19,245.7	15,440.0	445.2	15,885.2

# Channing House Incorporated, Highgate


Company No: 00063121

## BALANCE SHEET

As at 31 August 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS:			
Tangible assets	5	29,278.5	24,247.1
Investments	6	440.0	445.2
		<hr/>	<hr/>
		29,718.5	24,692.3
		<hr/>	<hr/>
CURRENT ASSETS:			
Debtors	7	483.2	536.3
Cash at bank and in hand		6,094.5	6,498.3
		<hr/>	<hr/>
		6,577.7	7,034.6
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	8	(6,971.2)	(6,614.8)
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(393.5)	419.8
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,325.0	25,112.1
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	9	(10,079.3)	(9,226.9)
		<hr/>	<hr/>
TOTAL NET ASSETS		19,245.7	15,885.2
		<hr/>	<hr/>
REPRESENTED BY:			
RESTRICTED FUNDS	10	440.0	445.2
		<hr/>	<hr/>
UNRESTRICTED FUNDS			
Retained Income		18,805.7	15,440.0
		<hr/>	<hr/>
TOTAL FUNDS		19,245.7	15,885.2
		<hr/>	<hr/>

These financial statements were approved by the Board of Governors and authorised for issue on 19 November 2020 and signed on its behalf by:

  
 .....  
 C Peck (Chair)

# Channing House Incorporated, Highgate

## STATEMENT OF CASH FLOWS

For the year ended 31 August 2020

	Notes	2020 £'000	2019 £'000
Net cash from by operating activities	(A)	4,848.7	3,163.5
Cash flows from investing activities	(B)	(5,833.6)	(4,329.7)
		(984.9)	(1,166.2)
Cash flows from financing activities	(C)	581.1	(397.2)
(Decrease) in cash and cash equivalents in the year		(403.8)	(1,563.4)
Cash and cash equivalents at 1 September		6,498.3	8,061.7
Total cash and cash equivalents at 31 August		6,094.5	6,498.3
<b>A) - Net cash provided by operating activities</b>			
Net Incoming Resources (as per the statement of financial activities)		3,360.5	2,884.5
<u>Adjusted for:</u>			
Unrealised Loss/ (Gain) on revaluation of investments		9.6	(4.8)
Depreciation (note 5)		653.8	683.4
Bank loan interest payable		204.6	213.8
Investment income receivable		(8.6)	(8.8)
Bank interest receivable		(52.0)	(70.9)
Decrease in debtors		53.1	161.3
Increase/(Decrease) in creditors		627.7	(695.0)
Net cash provided by operating activities		4,848.7	3,163.5
<b>(B) – Cash flows from investing activities</b>			
Investment Income		8.6	8.8
Bank interest received		52.0	70.9
Bank loan interest paid		(204.6)	(213.8)
Purchase of tangible assets		(5,685.2)	(4,193.8)
Increase in investment cash		(4.4)	(1.8)
		(5,833.6)	(4,329.7)
<b>(C) – Cash flows from financing activities</b>			
Repayments of bank loans		(418.9)	(397.2)
Cash inflows from new bank borrowing		1,000.0	-
		581.1	(397.2)
<b>D) – Analysis of changes in net debt</b>			
	At 1 Sept 2019	Cash flows	At 31 Aug 2020
Cash and cash equivalents	6,498.3	(403.8)	6,094.5
<b>Borrowings:</b>			
Debt due within one year (note 8)	(413.4)	(101.2)	(514.6)
Debt due after one year (note 9 (c) )	(4,710.7)	(479.9)	(5,190.6)
	(5,124.1)	(581.1)	(5,705.2)
Total	1,374.2	(984.9)	389.3



# Channing House Incorporated, Highgate

## ACCOUNTING POLICIES

For the year ended 31 August 2020

### **BASIS OF FINANCIAL STATEMENTS**

The accounts of the School are prepared in accordance with the Companies Act 2006, and with the Charities Statement of Recommended Practice ('SORP (FRS102)' effective 1 January 2019) and Financial Reporting Standard 102. The accounts are drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value. The School meets the definition of a public benefit entity under FRS102.

The financial statements are prepared in sterling, which is the functional currency of the School. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

### **GOING CONCERN**

The nature of the School's activities is such that fee income represents the majority of the School's income. Fee income is billed and received one term in advance. Forecasts are produced taking account of the timing and quantity of fee income, likely expenditure profile, the cost of completing the new Junior School facilities and the bank facilities available. In preparing these forecasts the School has also been vigilant in assessing the impact of Coronavirus on the School's finances. These forecasts are provided to the Governors. On this basis no material uncertainties that may cast significant doubt about the ability of the School to continue as a going concern have been identified by the Governors. Therefore the Governors have concluded to prepare the accounts on a going concern basis.

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the accounting policies, where the value of assets and liabilities are not readily apparent from other sources, accounting estimates and judgements are made based on historical experience and other factors, including future expectations, which are considered to be reasonable in the circumstances.

The estimates and underlying assumptions concerning the future are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. Accounting estimates and assumptions, will, by definition, seldom equal the actual results.

### **DONATIONS, LEGACIES, GRANTS AND OTHER VOLUNTARY INCOME**

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purpose is accounted for as unrestricted and is credited to Retained Income.

Where the donor or an appeal has imposed restrictions, voluntary income is credited to the relevant restricted fund.

### **FEES RECEIVABLE AND SIMILAR INCOME**

Fees receivable comprise fees charged to pupils net of Scholarships, Bursaries and allowances, and are accounted for in the year in which the service is provided.

Pupils joining the School are required to pay a deposit which is then applied against the pupil's final term's fee bill. Reasonable assumptions are made regarding the time pupils will remain with the School in assessing when the deposits held will be applied to offset the pupil's fees for their final term.

### **EXPENDITURE**

Expenditure is accrued as soon as a liability is considered probable. Expenditure attributable to more than one cost category in the Statement of Financial Activities is apportioned on the basis, of the activities staff are involved in. Certain costs are netted off against related income when it is appropriate to do so.

The School is not registered for Value Added Tax. All expenditure is therefore included in the expense category to which it relates inclusive of any Value Added Tax.

# Channing House Incorporated, Highgate

## ACCOUNTING POLICES

For the year ended 31 August 2020

### **TANGIBLE FIXED ASSETS**

Land and buildings are carried in the balance sheet at original cost less accumulated depreciation as the Governors consider that it is not appropriate to incur the expense of obtaining valuations of such assets. The cost of new buildings is added to fixed assets although repairs, alterations and improvements that do not materially enhance the economic benefit of the buildings are expensed as incurred; such costs are often substantial. Costs incurred in arranging long term debt to fund material additions to the School's land and buildings are included in fixed asset additions. The insured value of the School's assets is shown in note 5.

Furniture and teaching equipment are expensed in the period of acquisition. Such items will generally cost less than £14,000 per individual item and will include computers and ancillary items.

### **DEPRECIATION**

Depreciation is calculated by reference to the cost of fixed assets using a straight line basis at rates considered appropriate having regard to the expected lives of the assets. Depreciation is not provided on freehold land.

The annual rates of depreciation in use are:

Freehold buildings (including landscaping)	1% - 5%
Buildings in the course of construction	Nil
Plant, Equipment, Fixtures and Fittings	10% - 33.3%
Motor Vehicles	25%

Governors have considered the impairment of those freehold buildings with an estimated useful life of over 50 years and are satisfied, having considered both realisable value and value in use, that the buildings have not been materially impaired.

### **INVESTMENTS**

Investments are initially recognised at cost. They are held as fixed assets to provide an investment return and are stated in the balance sheet at their open market value as at the balance sheet date. Any resulting unrealised gain or loss is taken to the fund to which it relates.

### **FUNDS**

The funds of the School are segregated between:

#### (i) Restricted Funds

- **Scholarship, Prize and Bursary Funds**  
The School receives some of its income primarily for the provision of Scholarships, Bursaries and Prizes. This income is credited directly to the relevant fund account. All expenditure in relation to this income is charged directly to the relevant fund account.
- **School Development Fund**  
Incorporated within the School Development Fund is "The Capital Challenge" fundraising programme. This programme was launched in 2013 to raise funds to build a new Sports Hall and Sixth Form Centre and a New Performing Arts Facility. The school is no longer actively promoting fundraising for the Capital Challenge, though donations continue to be received and credited to this fund. In addition funds raised towards the Junior School redevelopment are also credited to this fund. Funds credited to this fund are transferred to Unrestricted Funds when the restriction placed on the income received has been discharged. The restriction placed on the funds received in respect of both The Capital Challenge fundraising programme and in respect of the Junior School redevelopment have been discharged as the expenditure has been incurred and capitalised within fixed assets. The funds received in respect of both The Capital Challenge and Junior School redevelopment have therefore been transferred to Unrestricted Funds.
- **Channing Alumnae**  
The Channing Alumnae Fund is a restricted fund of the School for the purpose of promoting school alumnae. The fund is used to promote communication between the School and alumnae

# Channing House Incorporated, Highgate

## ACCOUNTING POLICES

For the year ended 31 August 2020

and also amongst alumnae. A number of reunion events are also held throughout the year. The Channing Alumnae fund is managed by the Alumnae committee.

- Channing Association  
The Channing Association is a restricted fund of the School for the purpose of fostering support from the wider Channing community including current and former parents and friends of the school. The Channing Association organises social events for both parents and pupils and also helps support a number of school events during the year. The Association also undertakes occasional fundraising for the School, but this is incidental to its core purpose. The Channing Association has its own committee structure, which determines both its activities and expenditure for the year.

### (ii) Unrestricted Funds

- Retained Income  
The School seeks to maintain undesignated unrestricted funds at a level appropriate to meet the School's ongoing working capital requirements.

## **FINANCIAL INSTRUMENTS**

The School only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. As such, financial instruments are initially recognised at transaction value and subsequently measured and held at amortised cost using the effective interest rate method.

Financial assets comprise cash at bank and in hand together with debtors less prepayments and are recognised when the School becomes contractually entitled to receive cash or other financial assets from a third party.

Financial liabilities comprise creditors falling due both within and after one year excluding deferred income and other tax and social security liabilities and are recognised when the School incurs a legal or constructive obligation to deliver cash or another financial asset to a third party.

All financial instruments are held for the sole purpose of managing the cash flow of the School on a day-to-day basis or arise from normal operating activities.

## **PENSION COSTS**

Retirement benefits for most teachers of the School are provided by the Teachers' Pension Scheme (TPS). The TPS is a multi employer defined benefit pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Scheme. Accordingly, as required by FRS102, the School has accounted for its contributions to the Scheme as if it were a defined contribution scheme.

The School also operates defined contribution schemes for other staff. Contributions to these schemes are charged to the Statement of Financial Activities in the year in which they are incurred.

## **OPERATING LEASES**

Rental payments on operating leases are charged to the Statement of Financial Activities on a straight-line basis over the life of the lease.

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

### 1 CHARITABLE ACTIVITIES – SCHOOL FEES RECEIVABLE

Fees receivable are stated net of Scholarships and Bursaries awarded and allowances given. Scholarships, Bursaries and allowances totalled £1,450,637 (2019 £1,592,003).

2	CHARITABLE ACTIVITIES - OTHER INCOME	2020 £'000	2019 £'000
	Educational visits and other recoverable items	247.3	447.6
	Registration fees and fees in lieu of notice	168.5	127.9
	Coronavirus Job Retention Scheme	369.7	-
	Other income	54.6	86.7
		<b>840.1</b>	<b>662.2</b>

3	TOTAL EXPENDITURE	Staff costs (note 4) £'000	Depreciation £'000	Other costs £'000	2020 Total £'000	2019 Total £'000
	<b>Raising funds:</b>					
	Fundraising and Development	10.8	-	2.9	13.7	14.3
	Bank Loan interest	-	-	204.6	204.6	213.8
	<b>Total Cost of Raising Funds</b>	<b>10.8</b>	<b>-</b>	<b>207.5</b>	<b>218.3</b>	<b>228.1</b>
	<b>Charitable activities:</b>					
	School operating costs:					
	Teaching	8,436.8	-	1,410.6	9,849.4	9,549.1
	Welfare and Catering	526.8	-	275.0	801.8	909.0
	Premises and occupancy	172.4	653.8	1,310.8	2,137.0	2,239.0
	Junior School Development- Feasibility and Planning	-	-	-	-	384.9
	Property repair and maintenance	-	-	695.2	695.2	924.9
	Administration and support	1,112.4	-	467.1	1,579.5	1,481.8
	Governance	46.6	-	30.5	77.1	75.9
	Grants, awards and prizes	-	-	13.5	13.5	14.8
	<b>Total Charitable expenditure</b>	<b>10,295.0</b>	<b>653.8</b>	<b>4,202.7</b>	<b>15,153.5</b>	<b>15,579.4</b>
	<b>TOTAL EXPENDITURE</b>	<b>10,305.8</b>	<b>653.8</b>	<b>4,410.0</b>	<b>15,371.8</b>	<b>15,807.5</b>
	<b>2019:</b>	<b>9,434.6</b>	<b>683.4</b>	<b>5,689.3</b>		

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

3	TOTAL EXPENDITURE (Continued)	<b>2020</b>	2019
		<b>£'000</b>	£'000
	Charitable expenditure includes:		
	Operating lease rentals	<b>352.3</b>	321.7
	Auditor's remuneration:		
	For audit services - RSM UK Audit LLP (exclusive of VAT)	<b>23.8</b>	24.8
	For payroll services - RSM Employer Services Limited	<b>21.1</b>	19.4
		<hr/>	<hr/>
4	STAFF COSTS		
	The aggregate staff costs (note 3) were as follows:		
	Wages and salaries	<b>8,062.8</b>	7,672.6
	Social security costs	<b>843.7</b>	787.3
	Pension contributions	<b>1,399.3</b>	974.7
		<hr/>	<hr/>
		<b>10,305.8</b>	9,434.6
		<hr/>	<hr/>

Included in wages and salaries are termination payments totalling £50,381 (2019: £Nil).

The average monthly number of employees during the year was made up as follows:

	2020		2019	
	Full Time	Part Time	Full Time	Part Time
Teaching	77	34	72	35
Technical and support	8	6	8	6
Catering	16	4	15	5
Maintenance and caretaking	4	-	4	1
Administrative	12	8	13	8
	<hr/>	<hr/>	<hr/>	<hr/>
	117	52*	112	55*
	<hr/>	<hr/>	<hr/>	<hr/>

\* Equivalent to approximately 27 (2019: 28) number of full time employees. In addition to the above, the School also made payments to 31 peripatetic music teachers (2019: 31).

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

### 4 STAFF COSTS (continued)

The number of employees whose emoluments (excludes employer's pension contribution) exceeded £60,000 was:

	2020	2019
£60,001 – £70,000	15	12
£70,001 – £80,000	4	3
£80,001 – £90,000	2	1
£100,000 – £110,000	1	-
£110,001 – £120,000	-	1
£150,001 – £160,000	-	1
£180,000 – 190,000	1	-
£230,001 – £240,000	-	1
£270,000 – £280,000	1	-

Contributions of £321,599 (2019: £171,734) were made to the Teachers' Pension Scheme, which is a defined benefits scheme, for 22 (2019: 17) higher paid employees. Contributions of £20,587 (2019: £25,544) were also made to defined contribution schemes for 2 (2019: 2) higher paid employees.

Aggregate employee-benefits of key management personnel (including employer pension and national insurance contributions)	£530,468	£465,101
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5 TANGIBLE FIXED ASSETS	Freehold land and buildings	Buildings in the course of construction	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Total
Cost:	£'000	£'000	£'000	£'000	£ '000
31 August 2019	22,122.5	3,803.6	1,913.2	79.7	27,919.0
Additions	-	5,685.2	-	-	5,685.2
31 August 2020	22,122.5	9,488.8	1,913.2	79.7	33,604.2
Depreciation:					
31 August 2019	2,045.5	-	1,578.4	48.0	3,671.9
Charged in the year	490.6	-	147.9	15.3	653.8
31 August 2020	2,536.1	-	1,726.3	63.3	4,325.7
Net book value:					
31 August 2020	19,586.4	9,488.8	186.9	16.4	29,278.5
31 August 2019	20,077.0	3,803.6	334.8	31.7	24,247.1

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

### 5. TANGIBLE FIXED ASSETS (Continued)

Freehold land and buildings include an estimate by the Governors of the original cost of the land and buildings at £56,000 (2019: £56,000) of which £18,000 is estimated to be the original cost of the land. The School's buildings (excluding the value of freehold land) have been valued at £19,000,000 for insurance purposes. The Governors believe that the value of the School's land, comprising just under 3 hectares in North London is very significantly in excess of its original cost.

6 INVESTMENTS	2020 £'000	2019 £'000
Market value at 1 September	445.2	438.6
Additions	4.4	1.8
Revaluations	(9.6)	4.8
Market value at 31 August	440.0	445.2
Historical cost of Investments	235.4	231.0
Investments comprise the following:		
Listed on Stock Exchange	234.8	244.4
Cash deposits	205.2	200.8
	440.0	445.2
The School had investment holdings of greater than 5% of overall market value in the following:		
Charities Official Investment Fund	186.8	181.5
J.P. Morgan UK Strategic Equity Income Fund	23.3	29.9
M&G Equities Investment Fund for Charities	20.7	25.7

### 7 DEBTORS

Fees receivable	55.2	11.4
Other debtors *	80.4	43.8
Prepayments and accrued income	347.6	481.1
	483.2	536.3

\* Included in other debtors is £5,154 (2019: £21,445) falling due in more than one year

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

8 CREDITORS: Amounts falling due within one year	2020 £'000	2019 £'000
Advanced Fees received 1 year in advance (see Note 9(a))	3,795.7	3,966.6
Other Fees received in advance	761.5	710.2
Bank Loans repayable within 1 year (see Note 9 (c))	514.6	413.4
Other taxes and National Insurance contributions	214.0	201.4
Trade Creditors	417.3	241.7
Other creditors	163.9	102.8
Accruals	1,104.2	978.7
	<u>6,971.2</u>	<u>6,614.8</u>

9 CREDITORS: Amounts falling due after more than one year		
Advanced fees (see Note 9(a))	3,097.2	3,077.9
Final term deposits (see Note 9(b))	1,791.5	1,438.3
Bank loans (see Note 9(c))	5,190.6	4,710.7
	<u>10,079.3</u>	<u>9,226.9</u>

### 9 (a) Advanced fees

Parents are offered the opportunity to pay tuition fees in advance. Certain parents have taken advantage of this offer and have entered into an arrangement with the School to pay tuition fees in advance. Advance Fee payments are paid direct to the School and may be returned, subject to specific conditions, on the receipt of one term's notice. Assuming pupils will remain with the School the amounts held in respect of fees falling due in more than one year will be applied to offset tuition fees as follows:

Fees due in 1 – 2 years	1,994.5	1,942.8
Fees due in 2 – 5 years	1,084.0	1,079.8
Fees due in more than 5 years	18.7	55.3
	<u>3,097.2</u>	<u>3,077.9</u>

Fees due within 1 year (see Note 8)	3,795.7	3,966.6
	<u>6,892.9</u>	<u>7,044.5</u>

The movements during the year were as follows:-

Balance at 1 September	7,044.5	8,148.0
Amounts received (net of refunds) during the year	3,815.0	3,351.2
Amounts utilised in payment of fees	(3,966.6)	(4,454.7)
	<u>6,892.9</u>	<u>7,044.5</u>



# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

### 9 (b) Final Term Deposits

All new pupils are required to pay a deposit which is then applied against the pupil's final term's fee bill. Applying reasonable assumptions regarding the time pupils will remain with the School the deposits held will be applied to offset fees for their final term as follows: -

	2020 £'000	2019 £'000
Deposits due to be refunded in 1 – 2 years	230.1	183.3
Deposits due to be refunded in 2 – 5 years	451.8	350.6
Deposits due to be refunded in more than 5 years	1,109.6	904.4
	<u>1,791.5</u>	<u>1,438.3</u>

### 9 (c) Bank Loans

Bank Loans are repayable as follows as follows: -

Repayments within 1 – 2 years	521.2	430.6
Repayments within 2 – 5 years	1,562.7	1,410.1
Repayments in more than 5 years	3,106.7	2,870.0
	<u>5,190.6</u>	<u>4,710.7</u>
Repayments within 1 year (see Note 8)	514.6	413.4
	<u>5,705.2</u>	<u>5,124.1</u>

The School has drawn down bank loan facilities totalling £7.5m to part fund the construction of the new Sports Hall and Sixth Form Centre, and the Performing Arts Building. These facilities are secured on the School's freehold land and buildings. Of the £7.5m loan facilities drawn down:

- £1m was converted to a fixed term loan repayable over 10 years commencing on 29 August 2014 at an interest rate fixed at 4.47% p.a. for the duration of the loan
- £2m was converted to a fixed term loan repayable over 15 years commencing on 1 December 2015 at an interest rate fixed at 4.73% p.a. for the duration of the loan.
- £1.1m was converted to a fixed term loan repayable over 15 years commencing on 29 August 2015 at a variable interest rate of 2.0% p.a. above the Base Rate. This loan was subsequently, on 16 October 2016, converted to a fixed term loan repayable over 14 years at an interest rate fixed at 3.4% p.a. for the duration of the loan
- £2.4m was drawn down on 20 December 2017 as a fixed term loan repayable over 15 years at an interest rate fixed at 3.64% p.a. for the duration of the loan.
- £1m was drawn down on 30 June 2020 as a fixed term loan repayable over 12 years and 7 months at a variable interest rate of 2% over Base Rate for the duration of the loan.

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

10	RESTRICTED FUNDS	Balance 31 August 2019 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Loss on revaluation of investments £'000	Balance 31 August 2020 £'000
	Scholarship, Prize and Bursary Funds	406.0	12.1	(13.5)	-	(9.6)	395.0
	School Development Fund	-	111.0		(111.0)*	-	-
	Channing Alumnae	14.1	6.8	(5.9)	-	-	15.0
	Channing Association	25.1	37.1	(32.2)	-	-	30.0
		<u>445.2</u>	<u>167.0</u>	<u>(51.6)</u>	<u>(111.0)</u>	<u>(9.6)</u>	<u>440.0</u>

\* This transfer relates to donations received for the purpose of developing the Sports Hall, Sixth Form Centre, Music and Performing Arts facilities at the Senior School and the Junior School redevelopment. The restriction placed on the income received has been discharged in that expenditure has been incurred and capitalised within fixed assets. Consequently the funds were transferred to unrestricted funds.

A description of each restricted fund and its use can be found on page 6.

11	FUNDS - ALLOCATION OF NET ASSETS	Tangible fixed assets £'000	Investments £'000	Net current (Liabilities)/ Assets £'000	Creditors falling due after more than 1 year £'000	2020 Total £'000
	Restricted funds*	-	440.0	-	-	440.0
	Unrestricted funds	29,278.5	-	(393.5)	(10,079.3)	18,805.7
		<u>29,278.5</u>	<u>440.0</u>	<u>(393.5)</u>	<u>(10,079.3)</u>	<u>19,245.7</u>
	Restricted funds*	-	445.2	-	-	445.2
	Unrestricted funds	24,247.1	-	419.8	(9,226.9)	15,440.0
		<u>24,247.1</u>	<u>445.2</u>	<u>419.8</u>	<u>(9,226.9)</u>	<u>15,885.2</u>

\*Included in Restricted Funds are cumulative unrealised gains of £204,522 (2019: £214,139).

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

### 12 SHARE CAPITAL

The company is limited by guarantee and has no share capital, members having a liability not exceeding £5 each.

### 13 PENSION COMMITMENTS

#### a. Teachers

Teachers are members of the Teachers' Pension Scheme England and Wales (TPS). This scheme is a multi-employer, statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract. Teachers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

As the TPS is a multi-employer pension scheme, the School is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the School has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The School has set out within this note the scheme information available and the implications for the School in terms of the anticipated contribution rates.

#### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay (including a 0.08% employer administration charge) from September 2019 onwards. This compares to 16.48% during 2018/19.

During the year the employee contribution rate ranged between 7.4% and 11.7% depending on a member's salary.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

The pension charge includes employer contributions payable to the scheme, which amounted to £1,179,277 (2019: £742,560). As at 31 August 2020 there were outstanding contributions payable to the scheme of £145,862 (2019: £99,726) included in other creditors. The contributions of the School represent a minor proportion of the payments into the scheme.

# Channing House Incorporated, Highgate

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2020

### b) Other staff

The School also operates defined contribution schemes for other staff. The assets of these schemes are held separately from those of the School in funds administered by insurance companies. The pension cost charge represents contributions payable in respect of these schemes and amount to £220,055 (2019: £232,166). £18,170 (2019: £2,748) included in other creditors was payable to these schemes at the year end.

## 14 COMMITMENTS

As at 31 August 2020 the School had the following capital commitments:

	2020 £'000	2019 £'000
Authorised and contracted for	1,311.4	3,661.3

## 15 OPERATING LEASE ARRANGEMENTS

As at 31 August 2020 the School had minimum lease payments under non-cancellable operating leases, in aggregate, as follows:-

	Buildings £'000	Equipment £'000	2020 £'000	2019 £'000
Amounts payable:-				
Within one year	217.5	99.6	317.1	356.5
Within 2-5 years	-	174.3	174.3	261.0
	<u>217.5</u>	<u>274.0</u>	<u>491.4</u>	<u>617.4</u>
2019:	<u>261.6</u>	<u>355.9</u>		

## 16 RELATED PARTY TRANSACTIONS

There were no other transactions with related parties during the year to 31 August 2020 or during the year to 31 August 2019 and there were no balances outstanding at the previous or current year-end.

No member of the Association or Board of Governors received any remuneration or other benefits from the School. Two (2019: three) Governors were reimbursed travelling and incidental expenses totalling £775 (2019: £2,531). The insurance premium paid by the School includes an element of cover for 'directors' (Governors).